

Oversight Division

C o m m i t t e e O n L e g i s l a t i v e R e s e a r c h

Program Evaluation: Child Support Enforcement

Program Evaluation: Child Support Enforcement

*Prepared for the Committee on Legislative Research
by the Oversight Division*

Jeanne Jarrett, CPA, Director

Evaluation Team:

Pam Hoffman, CPA, Team Leader; Rich Villmer, CPA; Pam Cain; Wayne Blair; Maggie White, CPA

February, 2000

TABLE OF CONTENTS

COMMITTEE ON LEGISLATIVE RESEARCH	ii
LETTER OF TRANSMITTAL	iii
CHAPTER SIX - EXECUTIVE SUMMARY	page iv
CHAPTER ONE - INTRODUCTION	page 1
CHAPTER TWO - PERFORMANCE MEASURES	page 5
Performance goals	
Staffing standards	
Reporting of performance data	
Missouri's rank in key performance measures	
CHAPTER THREE - COLLECTION AND DISTRIBUTION OF OF CHILD SUPPORT PAYMENTS	page 8
Funds held for distribution	
Staffing in courts following centralized collections	
CHAPTER FOUR - ENFORCEMENT AND CUSTOMER SERVICE	page 10
Cases in need of follow-up	
Reviews and modifications of orders	
Customer service units	
CHAPTER FIVE - ADMINISTRATIVE ISSUES	page 13
Assessment of fees	
Errors in quarterly reports	
APPENDIX 1 - AGENCY RESPONSES	

COMMITTEE ON LEGISLATIVE RESEARCH

OVERSIGHT SUBCOMMITTEE

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$15 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

PROJECTS ARE ASSIGNED to the Oversight Division pursuant to a duly adopted concurrent resolution of the General Assembly or pursuant to a resolution adopted by the Committee on Legislative Research. Legislators or committees may make their requests for program or management evaluations through the Chairman of the Committee on Legislative Research or any other member of the Committee.

COMMITTEE ON LEGISLATIVE RESEARCH

Representatives:

*Representative Robert M. Clayton III,
Chairman*

Representative Richard Franklin

Representative Don Koller

Representative Kenneth Legan

Representative Emmy McClelland

Representative Randall Relford

Representative Delbert Scott

Representative O.L. Shelton

Representative Merrill Townley

Representative Tim VanZandt

Senators:

Senator Harry Wiggins, Vice Chairman

Senator Roseann Bentley

Senator Harold Caskey

Senator Doyle Childers

Senator Ronnie DePasco

Senator Franc Flotron

Senator Wayne Goode

Senator Walt Mueller

Senator Larry Rohrbach

Senator Stephen Stoll

February, 2000

Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in June, 1999, directing the Oversight Division to perform a program evaluation of Child Support Enforcement to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

Representative Robert M. Clayton III
Chairman

EXECUTIVE SUMMARY

Missouri's Child Support Enforcement program began in 1977 under an executive order, and on August 15, 1986, the Division of Child Support Enforcement (DCSE) within the Department of Social Services was created by statute. DCSE has the responsibility for operating the child support enforcement program in Missouri, with approximately 1200 full time employees in a central office, nine district offices and eleven sub-district field offices across the state. In addition, DCSE is assisted in its efforts by local prosecuting attorneys and circuit clerks in the 114 counties of the State and the City of St. Louis. DCSE's duties include locating noncustodial parents, establishing paternity, establishing child and medical support orders, monitoring and enforcing compliance with child and medical support orders, reviewing and initiating modification of support orders and distributing support collections. The program is funded jointly by the state and federal governments. As of the end of state fiscal year 1999, DCSE's total caseload was approximately 417,000 cases, including paternity, establishment and enforcement cases. Collections for state fiscal year 1999 were approximately \$332 million. Total expenditures for the same year were \$96.8 million. DCSE completed a statewide automated tracking and monitoring system, the Missouri Automated Child Support System (MACSS), federally certified in October, 1998, with contract costs which approximate \$93.4 million. DCSE is also in the process of implementing an automated statewide collections system through a contract with a private firm that will act as the Family Support Payment Center.

Through research of child support enforcement programs nationwide, Oversight found that the development of automated systems and implementation of new federal requirements have been plagued by customer service issues which are not unique to Missouri. In fact, many states have reported experiences similar to Missouri and continue to struggle with this large program.

In comparing Missouri's program to that of other states, Missouri ranked 30th out of all states in the percentage of its cases paying (22%) and 34th in collections per administrative dollar spent. For each administrative dollar spent, the state brings in \$3.36 in child support collections. Since these performance measures, among others, will be key in determining Missouri's allocation of federal incentive payments in the future, emphasis needs to be placed on improving the state's performance in these areas.

During Oversight's review of the program, it was noted that there are no specific staffing standards for the various DCSE offices, resulting in a large disparity in caseloads per FTE among the offices. In Oversight's analysis of caseload sizes for the various offices for state fiscal years 1995 through 1999, it was determined that caseloads per technician varied from 301 cases to 941 cases. Information compiled by the Center for Law and Social Policy indicates that those states with lower caseloads per technician have higher collection rates. Therefore, in order to maximize collections, caseloads per technician should be maintained at as low a number as feasible.

Oversight concluded the program could be doing a better job of working with case files. From

examining a sample of 160 case files for three different counties Oversight noticed that a relatively significant portion of the files had no payment or no recent payments, and no obvious recent caseworker action. Many had arrearages with significant balances- the largest being \$108,581, with an average of \$8,875. Of the 160 cases tested, 22 (14%) were either designated still in locate status or were awaiting caseworker follow-up. Some had recently had current addresses or employers found, for example, but caseworkers had not yet followed up to pursue collections. Although state regulations require DCSE to review certain support orders every three years for possible modification of the orders, most reviews and modifications appear to be done only upon request by either the custodial or noncustodial parent. Additionally, customer service issues could possibly be better addressed through the use of field office customer service units, as is currently done in St. Louis County.

In examining DCSE's records, Oversight noted that approximately \$8 million in payments that date prior to conversion to the MACSS in 1998 are being held pending distribution. These funds are recorded as being collected prior to 1998, but have not yet been distributed. The MACSS also reflects amounts of undistributed collections. According to revised reports submitted to the federal government, these amounts totalled approximately \$4.2 million as of September 30, 1999; \$12.5 million as of June 30, 1999; \$7.8 million as of March 31, 1999; and \$3.6 million as of December 31, 1998. According to DCSS staff, various situations exist that can lead to payments not being released by MACSS for distribution to custodial parents. These primarily include lack of a current address on custodial parents and noncustodial parents paying in advance of payment due date. DCSE staff believe that some balances are likely over one year old. Oversight suggests DCSE investigate these balances on a timely basis to reduce the likelihood that monies go unpaid to custodial parents or to the state if they represent payments on state debts.

Although the state has contracted with a vendor to establish a centralized collection center, the courts have not requested a reduction in staff for duties they will no longer be required to perform. The federal funding for 119 staff will eventually cease and funds will be shifted to pay contractor costs for program collection and disbursement duties. Oversight recommends adjustment to the Courts budget to reflect this change. If no reduction is made, the net effect will be a large increase to state/federal expenditures.

The Oversight Division acknowledges the cooperation and assistance of the staff of the Department of Social Services, Division of Child Support Enforcement and Office of State Courts Administrator during the evaluation process.

Jeanne Jarrett, CPA
Director

Chapter 1 - Introduction

Purpose

The General Assembly has provided by law that the Committee on Legislative Research may have access to and obtain information concerning the needs, organization, functioning, efficiency and financial status of any department of state government or of any institution that is supported in whole or in part by revenues of the state of Missouri. The General Assembly has further provided by law for the organization of an Oversight Division of the Committee on Legislative Research and, upon adoption of a resolution by the General Assembly or by the Committee on Legislative Research, for the Oversight Division to make investigations into legislative and governmental institutions of this state to aid the General Assembly.

The Committee on Legislative Research directed the Oversight Division to perform a program evaluation and expenditure review of Child Support Enforcement for the purpose of providing information to the General Assembly regarding proposed legislation and appropriation bills.

Background

Missouri's Child Support Enforcement program began in 1977 under an executive order, and on August 15, 1986, the Division of Child Support Enforcement (DCSE) within the Department of Social Services was created by statute. DCSE has the responsibility for operating the child support enforcement program pursuant to Title IV-D of the federal Social Security Act (originally adopted as P.L. 93-647) and Chapter 454 of the Revised Statutes of Missouri (RSMo).

DCSE's responsibilities include locating noncustodial parents, establishing paternity, establishing child and medical support orders, monitoring and enforcing compliance with child and medical support orders, reviewing and initiating modification of support orders and distributing support collections.

DCSE's customers come from several sources. When a custodial parent receives public assistance in the form of Temporary Assistance to Needy Families (TANF), Division of Family Services (DFS) staff make a referral to DCSE and provide appropriate forms and relevant information. DCSE collects child support

Oversight Division
Program Evaluation
Child Support Enforcement

on behalf of TANF families not only to eliminate their dependence on welfare and related assistance programs, but also to reimburse the state for the benefits provided to these families. In addition, individuals not receiving public assistance benefits may apply for DCSE's services.

DCSE consists of a Central Office located in Jefferson City and nine district and 11 sub-district field offices across the state (as of FY 1995). The district and sub-district offices are comprised of supervisory, investigative, clerical and, in most offices, contracted legal staff with approximately 1,200 full time employees. In addition, DCSE is assisted in its efforts by local prosecuting attorneys and circuit clerks in the 114 counties of Missouri and the city of St. Louis. Under section 454.405.2 RSMo, the division can enter into cooperative agreements with each county in the state to assist the division with its child support responsibilities. In addition, DCSE has cooperative agreements with 14 multi-county projects comprised of several jurisdictions which jointly employ staff and provide funds for office space. Cooperative agreements are classified in three levels (A, B and C), which essentially define the scope of child support responsibilities in a prosecutor's office as follows:

- Level A offices perform essentially the same functions as a state-administered child support DCSE office and differ only in that the local prosecuting attorney staff are not state employees. Functionally, level A offices may utilize both administrative and judicial processes to establish paternity and child support obligations and to enforce child support orders. Referrals for actions may be received from DCSE offices or other level A prosecutors' offices. There are five level A offices—Audrain, Buchanan, Butler, Clay and Montgomery counties.
- Level B offices perform specialized functions for the state and have more case authority and control than a level C county. Level B counties also may use either administrative or judicial processes to establish paternity and obligations and enforce child support orders. There are two level B offices—Boone County and Jackson County.
- Level C and multi-county project offices receive referrals from DCSE staff or from level A or B offices to perform specific establishment or enforcement actions. Once work is completed on the referral, the prosecuting attorney's responsibility for the case ends. Level C and multi-county project offices exclusively use the judicial process for paternity and obligation establishment and enforcement.

Oversight Division
Program Evaluation
Child Support Enforcement

Circuit clerks support DCSE staff by filing legal documents, providing DCSE staff with copies of documents already on file and traditionally receiving and disbursing collections.

Both prosecuting attorneys and circuit clerks are reimbursed primarily from federal funds for their efforts in child support enforcement.

In recent years, federal legislation has consistently mandated significant changes in child support enforcement, including mandating various enforcement mechanisms, such as mandatory income withholding procedures, income tax refund interceptions, liens, new hire reporting and financial institution data matching. In addition, federal law has mandated significant changes in states' administration of child support enforcement. The Family Support Act of 1988 (P.L. 100-485) required all states to establish statewide automated tracking and monitoring systems. The Missouri Automated Child Support System (MACSS) was federally certified in October, 1998. MACSS provides a statewide case registry accessible by all DCSE staff, prosecuting attorneys and circuit clerks working with child support enforcement cases. Total costs-to-date expended on MACSS approximate \$93.4 million. In addition, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) requires all states to implement automated statewide collections through centralized collection and disbursement units. Missouri is currently in the process of implementing this system through a contract with a private firm that will act as the Family Support Payment Center (FSPC). After July 2001, payments on all support orders will be processed by the FSPC. The contract for the FSPC provides for total costs to be based on the volume of transactions processed.

Expenditures for child support enforcement are reimbursed by the federal government generally at the rate of 66%. In addition, the state receives federal incentive payments that are currently based on a percentage of TANF dollars recovered. In accordance with the Child Support Performance and Incentive Act of 1998, incentive payments by FY 2002 (phase-in beginning in FY 2000) will be based on four factors: the total amount of money available in a given fiscal year from which to make incentive payments, the state's success in making collections on its caseload, the state's performance in five areas (establishing paternity, establishing support orders, collecting current support, obtaining payments on arrears, and cost-effectiveness), and the relative success or failure of other states in making collections and meeting these performance criteria. In other words, states will be competing for a limited amount of available incentive funds.

Oversight Division
Program Evaluation
Child Support Enforcement

As of the end of state fiscal year 1999, DCSE's total caseload was approximately 417,000 cases, including paternity, establishment, and enforcement cases. Collections for FY 1999 were approximately \$332 million. Total expenditures for the last three state fiscal years were as follows:

	FY 1997	FY 1998	FY 1999
Federal	\$53,619,230	\$54,905,386	\$64,072,004
State	<u>\$22,198,612</u>	<u>\$26,394,618</u>	<u>\$32,719,625</u>
Total	<u>\$75,817,842</u>	<u>\$81,300,004</u>	<u>\$96,791,629</u>

Objectives

The program evaluation of Child Support Enforcement included the inspection of records for the purpose of providing information to the General Assembly for their consideration of proposed legislation and appropriation bills. The Oversight Division's evaluation focused on the objectives noted below.

- Reviewing federal and state laws and regulations governing child support enforcement;
- Evaluating efficiency and effectiveness of the various functions within child support enforcement;
- Reviewing cooperative agreements with counties assisting with child support enforcement;
- Evaluating staffing and other costs of child support enforcement;
- Evaluating self-monitoring activities by DCSE;
- Comparing various child support enforcement measures in Missouri to other states; and
- Reviewing privatization of child support enforcement duties.

Scope/Methodology

Our evaluation included interviewing personnel in DCSE as well as at certain local prosecuting attorneys' offices, site visits to selected DCSE and prosecuting attorneys' offices, reviewing requested data provided by DCSE, compiling data extracted from MACSS on a sample of cases, and reviewing statistics compiled at the national level for all states by the federal Office of Child Support Enforcement within the U.S. Department of Health and Human Services and the National Conference of State Legislatures.

Our scope was not limited to any specific fiscal years, although for most analyses, data from FY 95 through FY 99 was utilized.

Chapter Two—Performance Measures

Comment #1: There are no specific performance goals for the various DCSE and prosecutors' offices.

Although individual employee performance appraisals include certain performance goals for technicians to strive for (such as production standards for the number of actions completed per month), DCSE has not established specific performance goals for each office. For example, specific goals for dollars collected, percent of cases paying, paternity establishments, etc. could be set for both the DCSE and prosecutor offices. In Oversight's analysis of the percent of cases paying (individual cases with collections during the year) for the various offices for FY's 95-99, we noted that the percentage varied several points in many cases (both upward and downward) from year to year for a number of offices.

Effective Federal FY 2002, incentive payments from the federal government will be based on the state's performance in certain areas (in addition to other factors). Since incentive payments will be based on specific performance measures (establishing paternity, establishing support orders, collecting current support, obtaining payments on arrears, and cost-effectiveness), DCSE should implement goals for these measures for the various offices that will enable the state as a whole to maximize its performance results. Results should be reported in total and to the individual offices on at least a quarterly basis to enable the offices and DCSE to identify successful and problematic areas and to enable the various offices to serve as benchmarks for one another. For example, in Colorado monthly performance reports are published in a newsletter with a section comparing the performance of counties with similarly-sized caseloads.

Oversight Division
Program Evaluation
Child Support Enforcement

Comment #2: There are no specific staffing standards for the various DCSE offices, resulting in a large disparity in caseloads per FTE among the offices.

DCSE has not established standards for staffing the various division and prosecuting attorney offices that would tie caseloads to the number of FTE. In Oversight's analysis of caseload sizes for the various offices for FY's 95-99, we found that caseloads per technician varied significantly among the offices, and in some instances from year to year within the same offices. For example, at the end of FY 99 the caseload per technician ranged from 301 cases to 941 cases among the various offices. While some variations are certainly unavoidable due to changes in total caseload size, it seems reasonable that caseload size would be relatively stable and that FTE needs could be anticipated and requested for each office. Furthermore, information compiled by the Center for Law and Social Policy indicates that those states with lower caseloads per FTE have higher collection rates. Collection performance will be one of the measures used by the federal government to allocate incentive payments to states in the future. Therefore, in order to maximize collections, caseloads per FTE should be maintained at as low a number as feasible.

Comment #3: Certain prosecuting attorneys' offices have failed to consistently report performance data to DCSE.

Oversight compiled various statistical analyses for FY's 1995-1999 from internal reports prepared by DCSE. These reports include data such as dollars collected, FTE information, and caseload information. Oversight noted that data was not complete during this time period in the internal reports for several prosecuting attorneys' offices—those in Boone, Jackson, Clay and Buchanan Counties. Without complete data from all entities performing child support enforcement duties in the state, information reported by the state to the federal government cannot be complete and accurate, and management decisions regarding performance cannot be reasonably made. Complete and accurate performance information will become particularly crucial under the new methods for determining federal incentive payments to states.

Oversight Division
Program Evaluation
Child Support Enforcement

Comment #4: In FY 1998 Missouri ranked 30th out of all states in the percentage of its cases currently paying and 34th in collections per administrative dollar spent.

The federal Office of Child Support Enforcement within the U.S. Department of Health and Human Services compiles various statistical data from information submitted by each state. One of the measures reported is the number and percentage of cases with collections. For FY's 97 and 98, the most recent years for which federal data is available, Missouri's percent of cases paying was 22%. For those same years, the national averages of cases paying were 22% and 23%, respectively. For these two years, Missouri ranked 25th and 30th respectively when compared to other states. In addition, Missouri's cost-effectiveness ratio, or collections per administrative dollar spent, was \$4.05 in FY 97 and \$3.36 in FY 98, compared to the national average for those years of \$3.90 and \$4.00, respectively. For those years Missouri ranked 22nd and 34th in cost effectiveness, respectively.

Literature produced by the National Conference of State Legislatures notes that state child support administrators and legislators with considerable knowledge of child support caution against comparing the performance of states operating in completely different political landscapes or cultural/socioeconomic environments. The literature cites the example of the state of Texas which has a large caseload, shares an international border and has vast cultural and socioeconomic diversity among its residents, factors which make comparisons to midwestern states, for example, not necessarily feasible. Therefore, Oversight reviewed the FY 98 statistics for cases paying and cost-effectiveness for other midwestern states—Illinois, Indiana, Iowa, and Kansas—as compared to Missouri. The data is as noted below.

State	Percent of cases paying	Cost-effectiveness ratio
Missouri	22%	\$3.36
Illinois	12%	\$2.60
Indiana	15%	\$5.45

Oversight Division
Program Evaluation
Child Support Enforcement

Iowa	23%	\$4.79
Kansas	37%	\$3.06
Average	22%	\$3.85

For the percent of cases paying, Missouri's rate is the same as the average of the five states noted. For the cost-effectiveness ratio, Missouri's ratio is somewhat less than the average of the states noted of \$3.85.

It should be noted that Missouri's rate of 22% of cases paying represents an increase over previous years (through FY 95) when the rate ranged from 18% to 20%. However, the state's cost-effectiveness ratio actually worsened in FY 98 to the lowest ratio reported by the state since FY 93 (earliest available data was FY 93).

Since these performance measures, among others, will be key in determining Missouri's allocation of federal incentive payments in the future, emphasis needs to be placed on improving the state's performance in these areas.

Chapter Three—Collection and Distribution of Child Support Payments

Comment #5: According to DCSE records, approximately \$8 million in payments are being held pending distribution that date prior to conversion to the Missouri Automated Child Support System (MACSS) in 1998.

Oversight was provided a listing of funds by office that were collected prior to the state's conversion to MACSS (effective statewide October, 1998) but that have not yet been distributed. The total of these funds is \$8,171,461, of which the Jackson County circuit clerk's office accounts for \$8,129,786 or 99% of the total. According to DCSE staff, these funds are not included in MACSS as amounts held, and cannot be released by MACSS. Staff note that these balances are from each office's pre-MACSS systems, and resolution would require investigation by the individual county offices. DCSE officials believe it is likely that the amounts for the most part represent payments on state debts (where the state previously provided TANF benefits to the custodial parents). In that case, the funds would revert to the state.

Oversight Division
Program Evaluation
Child Support Enforcement

These amounts need to be investigated to determine their validity (whether they do in fact represent actual cash on hand) and the appropriate allocation of the funds, whether to the state or to custodial parents.

Oversight also noted that MACSS currently reflects amounts for undistributed collections. According to revised reports submitted to the federal government, these amounts totalled approximately \$4.2 million as of September 30, 1999; \$12.5 million as of June 30, 1999; \$7.8 million as of March 31, 1999; and \$3.6 million as of December 31, 1998. According to DCSE staff, various situations exist that can lead to payments not being released by MACSS for distribution to custodial parents. These primarily include lack of a current address on custodial parents and noncustodial parents paying in advance of payment due date. DCSE staff believe that some balances are likely over one year old.

Although the amounts held by MACSS pending distribution would likely change on a daily basis due to updated information or payments becoming due, some of these amounts may require further action by staff before they can be released. Such action needs to occur on a timely basis to reduce the likelihood that monies go unpaid to custodial parents or to the state if they represent payments on state debts.

Comment #6: Although the state has contracted with a vendor to establish a centralized collection center, the courts have not requested a reduction in FTE for collection duties they will no longer be required to perform.

DCSE is currently contracting with a vendor to establish the Family Support Payment Center (FSPC), a centralized collection agency that will eventually receive and disburse all child support payments. This function has previously been handled by circuit clerks, and will continue to be handled by circuit clerks for payments on non IV-D cases (where no enforcement action is being taken by the state) until July 1, 2001. However, since all other payments are now being phased in to be processed by the FSPC, the circuit clerks should experience a significant reduction in workload relating to their child support collection responsibilities. The Office of State Courts Administrator (OSCA) has indicated that the funding for 119 positions

that were previously federally-funded for child support enforcement is in question, and OSCA's budget for FY 2001 reflects a change in funding for these positions to general revenue. This figure primarily represents a number of partial FTE since OSCA anticipates that only a portion of the affected individuals' duties will decrease, particularly due to the clerks still being required to process some payments temporarily. OSCA also asserts that historically circuit clerks' offices have been understaffed in total based on weighted workload analyses performed by OSCA, and they would not elect to reduce staff as a result. In addition, OSCA has requested an increase of 54.68 FTE in circuit clerks' offices for FY 2001 for non-child support related work.

Oversight notes that a significant portion of staff duties in circuit clerk offices will be eliminated due to centralized collections. However, without staff reduction the state will not realize any cost savings, although the state will be incurring significant additional costs associated with contracting for the Family Support Payment Center.

Chapter Four—Enforcement and Customer Service

Comment #7: Based on Oversight's review of sample child support cases, a number of cases tested were in need of follow-up by caseworkers.

Oversight selected a nonstatistical sample of cases for three different counties (one level A, one level B, and one level C) in order to review case data in MACSS for various attributes. Primarily we were interested in whether each case was currently paying, whether there were arrears due on the case, and when the last caseworker or MACSS action occurred. Of the 160 cases reviewed, Oversight noted that a relatively significant portion had no payments or no recent payments, no obvious recent caseworker action according to the MACSS case diaries, and many had arrearages (some significant balances—the largest was \$108,581, with an average of \$8,875). Those meeting these criteria were given to the office managers for follow-up. Of those cases, 22 (14% of the total reviewed) were either designated still in locate status (and possibly in need of referral) or were referred to the appropriate caseworkers for

follow-up, as the cases were determined to be in need of action or referral to prosecuting attorneys. Some had recently had current addresses or employers found, for example, but caseworkers had not yet followed-up to pursue collections.

Ideally and in order to maximize collections on support orders, technicians should periodically review cases, particularly those that have received no recent payments. DCSE should determine the primary reasons for cases not being reviewed for substantial periods of time and take steps to remedy this situation.

Comment #8: Although state regulations require DCSE to review certain support orders every three years for possible modification of the orders, most reviews and modifications appear to be done only upon request by either the custodial or noncustodial parent.

13 CSR 30-5.020 requires DCSE to review TANF cases and certain Medicaid cases with support orders at least once every three years. However, based on Oversight's review of sample cases and discussions with DCSE staff, reviews are done upon request of either the custodial parent or noncustodial parent. In addition, MACSS does not currently provide an alert that would notify a caseworker that a three-year limit is approaching. According to DCSE, federal regulations previously required this review as well, but this requirement has recently been eliminated. Once a review is initiated, in order for the support order to be modified certain criteria have to be met, including the length of time since the order was established or last modified and the amount of the change in financial circumstances of either party.

DCSE should review the specified support orders as regulations require, or consider having the regulations amended if doing a triennial review is not considered prudent.

Comment #9: Customer service issues could possibly be better addressed through the use of field office customer service units, as is currently done in St. Louis

DCSE currently has a toll-free number that connects to a Customer Relations Unit (CRU) in Central Office in Jefferson City. The Unit includes 4.5 technicians that field over 2,000 calls per month and three information specialists that handle correspondence, electronic mail, employer calls and legislative calls. These are in addition to approximately 6,000 calls per month to the automated voice

Oversight Division
Program Evaluation
Child Support Enforcement

response system representing simple requests for information, applications, etc. Most calls logged to the toll-free number represent information requests as well, but all calls are logged and classified as to type (such as payment questions, calls from employers for information, etc.). Central Office does not maintain information on the number and nature of calls received at the various field offices.

In response to a concentration of calls to the CRU regarding the St. Louis County office, a separate customer service unit was established in the St. Louis County office. When fully-staffed, the unit has nine FTE handling all incoming enforcement-related calls. According to the St. Louis County office manager, the customer service unit is able to handle approximately 80% of all incoming calls without enlisting the assistance of the caseworkers. The unit averages over 1,600 calls on a weekly basis. In the first week of November, 1999, the unit logged 1,802 calls, and only 198 required follow-up by caseworkers.

DCSE should consider the overall benefits of having a customer service unit in at least the larger field offices. The CRU appears to be quite effective in handling a significant number of calls, but as evidenced by the number of calls to the St. Louis County office, clients clearly call their local office frequently. Caseworkers required to handle such a significant volume of calls are prevented from concentrating their efforts in more specialized functions in servicing their caseloads and improving child support collections.

In addition, Oversight notes that other states have privatized this function and have contracted with private vendors to handle incoming client calls. Typically contracts would set forth minimum criteria such as answering calls within a certain amount of time, resolving questions/complaints within a specified time frame, and criteria for referring questions to caseworkers.

Chapter Five—Administrative Issues

Comment #10: Missouri is apparently one of very few states that does not assess fees for child support services to non-TANF clients.

Oversight noted from a table prepared by the federal Office of Child Support Enforcement within the U.S. Department of Health and Human Services comparing fees collected by the various states for FY's 93-97 that Missouri is one of four states that did not collect fees from non-TANF clients. State law allows DCSE to charge a fee to non-TANF clients not to exceed \$25 when applying for services. As federal reimbursements may decrease in the future, such revenues could be especially important in helping to offset child support enforcement costs.

Comment #11: Initial FY 1999 quarterly reports filed with the federal government contained apparent errors that were not detected and corrected for some time.

Reports submitted by DCSE to the federal government for the quarters ending December 1998, March 1999, and June 1999 contained errors in amounts shown for undistributed collections. Amounts originally reported increased significantly from quarterly amounts reported prior to MACSS conversion. This apparently resulted from misinterpretation by MACSS programming staff in what individual amounts should make up the totals reported. These reports have been revised and resubmitted in October, 1999.

In addition, DCSE's annual data report submitted to the federal government in October 1999 possibly contains an error in the amount reported for total arrearages in that the total appears excessive considering the number of cases with reported arrearages. DCSE is currently investigating the accuracy of this amount.

DCSE should continue to work with MACSS staff in ensuring that reports submitted are accurate, and should review reports for reasonableness in comparison to prior quarters.

APPENDIX 1



RECEIVED

JAN 14 2000

OVERSIGHT DIVISION

MEL CARNAHAN
GOVERNOR

MISSOURI
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF CHILD SUPPORT ENFORCEMENT

P.O. BOX 2320
JEFFERSON CITY
65102-2320
TELEPHONE: 573-751-4301, FAX: 573-751-8450

RELAY MISSOURI
for hearing and speech impaired
TEXT TELEPHONE
1-800-735-2966
VOICE
1-800-735-2466

January 14, 2000


Jeanne Jarrett
Oversight Division
Capitol Building, Room 132
Jefferson City, MO 64143

Dear Ms. Jarrett:

Enclosed are the division's revised responses to your office's draft recommendations.

If you have additional questions, please let me know.

Sincerely,


Brian D. Kinkade
Director

BDK:bsb

Enclosure

Responses to Child Support Enforcement Program Evaluation

Chapter Two – Performance Measures

Comment # 1 - There are no specific performance goals for the various DCSE and prosecutors' offices.

DCSE does not presently have office specific performance goals but has set collection goals for each of its four regions for fiscal year 2000. DCSE agrees with the recommendation that such goals may enhance productivity and production. DCSE will pursue establishing goals and benchmarks for critical performance areas for DCSE offices and Level A & B Prosecutorial counties on a going forward basis.

Currently, the division collects and distributes production data to all offices on a monthly basis. This data includes collections, case openings, closings, enforcement actions order and paternity establishments, by office by month. This report gives DCSE managers a picture of the division's overall performance as well as that of each office.

As noted, child support field technicians, the staff who are directly responsible for handling child support cases, have specific performance and production goals based on their job functions. These goals set standards for work quantity and timeliness. Workers are evaluated annually on their actual performance relative to these standards. Worker performance standards were completely revised in March 1999 and are being reevaluated currently.

Comment #2 - There are no specific staffing standards for the various DCSE offices, resulting in a large disparity in caseloads per FTE among the offices.

The division agrees that variation in caseload sizes is an issue that needs to be addressed and has attempted to do so. DCSE constantly reviews office attrition in an effort to reallocate staff between offices to help balance caseloads within each region. However, the common impediment to this process is the lack of physical space. In most cases, offices with a high caseload ratio are already staffed at the maximum with no growth space available within the facility. Obtaining new, larger facilities or expanding the existing facilities is limited through the appropriation process to new staff positions only rather than reallocation of existing staff.

Factors that influence increases in caseload such as changes in law and fluctuations of socio-economic conditions within each geographic region of the state are often difficult to predict. Once a trend is determined, the division can respond by requesting appropriation authority for additional staff and facility space. Completion of the entire process from the submission of the budget request to the hiring of staff can take up to a year or up to 2 years or longer if new or additional office space is needed to accommodate the new staff.

Comment #3 - Certain prosecuting attorneys' offices have failed to consistently report performance data to DCSE.

The inconsistent reporting pattern of the prosecuting attorneys' offices is a problem DCSE has dealt with for some time but never had the advantage of either incentives or sanctions to encourage the submission of program data from prosecuting attorneys. The reporting process has been a labor intensive process which required extensive monitoring and follow up by the Division.

DCSE designed the Missouri Automated Child Support System (MACSS) to produce automated production reports. The advantage to this is the fact that MACSS is the operating system for all child support functions within the state including DCSE, prosecuting attorneys, and the circuit clerks. Therefore, the system is inclusive of all child support data and capable of reporting complete performance information to earn Missouri's share of incentive payments.

Comment #4 - In FY 1998 Missouri ranked 30th out of all states in the percentage of its cases currently paying and 34th in collections per administrative dollar spent.

Maintaining and improving performance relative to other states will be extremely important under the new child support incentive funding program to be implemented in federal fiscal year 2000. DCSE has requested additional funding for staff and expenses for state fiscal year 2001 in response to the new incentives fund program. The strategy DCSE intends to pursue with this new funding is to establish teams of experienced technicians to focus increased attention to difficult cases, particularly those with few or no payments, current support due and substantial arrearages. Technicians on these teams would carry a smaller caseload of these hard to work cases. If and when a case is brought into paying status, it would be reassigned to a "regular" technician for ongoing monitoring and maintenance. In this way, DCSE hopes to increase total collections, collections of current support and collections on arrears, all of which are important variables in the calculation of the state's incentive under the new performance related formula.

In regard to the reported cost effectiveness ratio reported from the draft federal fiscal year 1998 OCSE Report to Congress, errors were discovered in data reported by the division and included in the preliminary report for this year. Collections for Missouri in the preliminary FY 98 report were incorrectly reported to be \$286 million and were in fact \$334.8 million. This error was discovered and corrected several months ago. Corrected data should be reflected in the final report when published. By the revised collection data submitted and total expenditures of \$85.2 million, DCSE calculates its FY 98 cost effectiveness ratio to be \$3.93.

When comparing cost effectiveness calculations over time, one must consider significant one-time expenditures occurring in a given fiscal year. For example, in FY 98, DCSE paid MACSS development costs of \$12 million. Spending of similar magnitude has occurred in 1999 with the completion and final implementation of MACSS. These expenditures are investments made to an automated system which will benefit the state over the next twenty to twenty five years. In the short term, however, they have the effect of pulling down the division's cost-effectiveness ratio. It would be incorrect to necessarily attribute the decreasing trend in this measure to decreasing productivity.

Chapter Three – Collection and Distribution of Child Support Payments

Comment #5 - According to DCSE records, approximately \$8 million in payments are being held pending distribution that date prior to conversion to the Missouri Automated Child Support System (MACSS) in 1998.

The \$8.1 million amount reported as Jackson County undistributed pre-MACSS collections does not represent cash on hand awaiting distribution. The payments in question were recorded by the circuit clerk but were not paid through the clerk's office. This amount was converted to MACSS erroneously as undistributed collections. The Office of State Courts Administrator (OSCA), the Jackson County circuit clerk and DCSE are working on the resolution of this issue. Further information can be obtained from OSCA.

In regard to undistributed MACSS collections, DCSE agrees with the observation that timely action will be required of DCSE in some cases to release collections pending distribution and disbursement. DCSE, with its new responsibilities as trustee for centralized child support payments has established a team of technicians whose duties include regular review and maintenance of payments "on hold" in the MACSS system. Also, DCSE is revising MACSS reports to provide field technicians with more and better data on cases with payments on hold so that timely review can occur.

Comment #6 - Although the state has contracted with a vendor to establish a centralized collection center, the courts have not requested a reduction in FTE for collection duties they will no longer be required to perform.

DCSE recommends that the Office of State Courts Administrator be contacted for further information on this matter if necessary.

Chapter Four – Enforcement and Customer Service

Comment #7 - Based on Oversight's review of sample child support cases, a number of cases tested were in need of follow-up by caseworkers.

DCSE concurs with Oversight's recommendation. Appropriate action has been taken on those cases identified during Oversight's review as needing follow-up. DCSE will examine the reasons why the cases identified were not managed appropriately and devise strategies to do so in the future.

Comment #8 - Although state regulations require DCSE to review certain support orders every three years for possible modification of the orders, most reviews and modifications appear to be done only upon request by either the custodial or noncustodial parent.

Federal law mandating states to initiate reviews of TANF and Medicaid cases every three years was rescinded by the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA). Although DCSE stopped state initiated reviews with the elimination of the federal mandate, it

will soon issue new policy to initiate such reviews under certain circumstances. DCSE will modify 13 CSR 30-5.020 accordingly.

Comment #9 - Customer service issues could possibly be better addressed through the use of field office customer service units, as it currently done in St. Louis County.

A team approach has been initiated in St. Louis County that allows staff to continue to work their caseload. The caller can reach a customer service technician assigned to a caseworker that has access to the case record and should be able to answer any questions or add information to the record. The effectiveness of this approach is currently under review.

DCSE believes that privatized customer service is a viable strategy to certain situations. Centralized collections customer service is currently provided by the collections contractor, Systems and Methods, Incorporated (SMI). SMI provides assistance to parents and employers whose payments are processed by the Family Support Payment Center and whose questions cannot be otherwise addressed through the DCSE payment AVR.

The DCSE customer service unit located in Jefferson City is accessible to the public by phone (toll-free), by mail, and by Internet. This unit accepts between 1,700 and 2,900 contacts monthly. Internet contact has increased steadily in 1999 with the highest monthly number to date of 261. A large number of these contacts require investigation in the field and a written response. A general information automated voice response toll-free line is available 24 hours a day that accepts about 10,000 calls monthly.

Customer service is also delivered to parents through a payment AVR operated by DCSE's MACSS system. Parents can access this system with a toll-free call from a touch tone phone to get collection, disbursement and arrearage information on their case as well as obtain the address of the office to which their case is assigned. DCSE answers about 325,000 calls per month with this system.

On occasion, DCSE has established specialized customer service lines to address significant short-term needs. For example, in September 1999 DCSE established a special toll-free phone line for questions regarding the rollout of centralized collections, to date 32,000 calls have been accepted. This unit provided information to the public regarding the new process while allowing field staff to continue to work their caseload.

Chapter Five – Administrative Issues

Comment #10 - Missouri is apparently one of very states that does not assess fees for child support services to non-TANF clients.

DCSE does not assess application fees or other fees for its services for several reasons. First, many of the persons served by DCSE are lower income. Application fees or other types of fees may discourage low-income parents from seeking DCSE's assistance. If fees are assessed to the custodial parent, the net effect is to take resources that would otherwise be available to support the child(ren). Fees assessed to the noncustodial parent accrue as an additional obligation

against the parent, which is only collected after current support obligations, and possibly certain arrearages are settled. Fees would only be collected from parents who pay their child support obligations. Second, depending on the type of fee, there will be administrative costs to assess, account for and collect the fee. These costs could be significant if sophisticated fee schedules, for example fees based on a sliding scale, are established. Finally, fee income is deducted from the state's expenditure reports when 66% matching funds are claimed. In this way, the federal government realizes its share of the financial benefit created by the fee collection. The state's share of the benefit of the fee is 34%.

Although many states do assess fees to some degree, many states do not pursue an aggressive cost recovery policy. For example, in 1997, twenty-one states and territories that assessed fees collected less than \$100,000. Only eight states collected over \$1 million.

DCSE has opened 9,358 non-TANF cases that could be assessed an application fee over the most recent 12 month period. A \$25 application fee on this population would generate about \$234,000 of which the state's net benefit after lost FFP would be about \$80,000. This calculation does not consider the impact of this fee revenue on Hancock.

Comment #11 - Initial FY 1999 quarterly reports filed with the federal government contained apparent errors that were not detected and corrected for some time.

Based on further discussion with the Evaluation Team, DCSE understands the first part of Comment #11 is referring to the federal *Quarterly Report of Collections* (OCSE-34A).

There was a delay in issuing revised OCSE-34As to the federal Office of Child Support Enforcement (OCSE) for the three quarters ending June 1999. A number of factors and events led to this delay.

1. OCSE finalized the new OCSE-34A in September 1998; the form replaced the OCSE-34. States were expected to provide quarterly data on the OCSE-34A, rather than the OCSE-34, beginning with the quarter ending December 1998.
2. DCSE was unable to immediately modify MACSS to produce the new OCSE-34A. Such a change to the MACSS database and programs requires comprehensive research, thorough analysis and time-consuming coding and testing. This ensures reliable and accurate data is provided on the report.
3. Some federal instructions to the OCSE-34A were unclear and subject to interpretation. DCSE requested a number of clarifications from OCSE. This impacted DCSE's progress in revising the programs.
4. The initial OCSE-34As submitted to OCSE for the quarters ending December 1998, March 1999 and June 1999 were based on information provided by MACSS programs written to produce the OCSE-34. DCSE submitted the OCSE-34As knowing revised forms would be submitted later.

5. The effort to reprogram MACSS to produce the OCSE-34A was complete in October 1999. At that time, DCSE submitted the revised OCSE-34As.

Regarding the second point in Comment #11, DCSE has re-reviewed the *Annual Data Report* (OCSE-157) submitted to OCSE in October 1999. DCSE staff has determined that the total arrearage amounts appearing in each column of Line 26 of this report are correct. DCSE no longer doubts the accuracy of this information.



OFFICE OF STATE COURTS ADMINISTRATOR

2112 Industrial Drive

P.O. Box 104480

RECEIVED Jefferson City, Missouri
65110

RONALD L. LARKIN
ADMINISTRATOR

JAN 13 2000

PHONE (573) 751-4377
FAX (573) 751-5540

OVERSIGHT DIVISION January 13, 2000

Ms. Jeanne Jarrett, CPA, Director
Oversight Division
Committee on Legislative Research
State Capitol Building, Room 132
Jefferson City, Missouri 65101

Dear Jeanne:

Thank you very much for the opportunity to review the draft audit report concerning Child Support Enforcement. We appreciate the professional manner in which you and your staff approached the audit and the opportunities to discuss the rather complex and ever-changing program with you.

I have asked my staff to review the draft in detail and to provide comments on the specific sections relating to courts. The tremendous cooperation that existed between the executive, legislative, and judicial branches is resulting in what appears to be a successful attainment of federal requirements and avoidance of financial penalties that is occurring in other states.

OSCA comments are as follows:

Comment #5: According to DCSE records, approximately \$8 million in payments are being held pending distribution that date prior to conversion to the Missouri Automated Child Support System (MACSS) in 1998.

Response

The report that has been provided from MACSS does not accurately reflect the pre-MACSS holdings of the Jackson County circuit court.

Since the clerks have received reconciliation reports from MACSS, starting October 1998, the accounting staff in the Office of State Courts Administrator have worked with the circuit clerks to reconcile the bank accounts, the open items reports, and the pre-MACSS undisbursed balance. Therefore, we have reasonable certainty that the majority of the clerks hold very few pre-MACSS funds for disbursement.

It has long been recognized that the balance shown in the Jackson County account is overstated by \$7.5 million and that an actual amount for pre-MACSS receipts still being held is less than \$450,000. The erroneous conversion data occurred because non-monetary receipts (direct payments by the absent parent to the custodial parent and tax intercepts) were converted to MACSS as funds on hold and, therefore, appear on the undistributed funds report. The Jackson County Court Administrator's Office and the Office of State Courts Administrator have been working to correct these erroneous records, but to manually correct these accounts will require over 1200 hours of personnel time. DCSE and OSCA are investigating options for programmatically correcting this erroneous conversion data.

Pursuant to 447.532 RSMo, if the party to whom the money is due cannot be located in seven years (effective January 1, 2000, the maximum is five years), the circuit clerk is obligated to pay the funds to the State of Missouri Unclaimed Property. As of December 31, 1999, the Civil Records Clerk in Jackson County was current with payment of unclaimed fees on any child support that were held over seven years.

The remaining courts on the list have relatively small amounts. We will be working with the Division of Child Support Enforcement to determine how to pay over these funds to the Division when centralized collection is in effect for all payment types, July 1, 2001.

Comment #6: Although the state has contracted with a vendor to establish a centralized collection center, the courts have not requested a reduction in FTE for collection duties they will no longer be required to perform.

Response

Each year, OSCA submits a circuit court staffing request based on a weighted workload formula. This staffing formula has been used by the courts since 1981 to determine the number of staff needed, where staff are needed, and the relative priority of the order in which new staff is allocated. The weighted workload formula for the FY 00 budget was revised to remove clerk duties for receipting and disbursing child support payments after centralized collections are implemented. OSCA reviewed the workload formula with the Office of Budget and Planning to assure them that the anticipated reduction in circuit clerk clerical duties was reflected in its staffing request calculations. Even with this workload reduction, circuit courts still qualified for an additional 119 FTE, which are recommended in the Governor's budget.

The FTE contained in the FY 01 budget request are employees that are currently employed and paid from federal reimbursements. In many instances, these FTE are allocated both as full-time employees and as additional hours to employees previously budgeted at less than 40 hours. Any reduction in FTE or failure to fully fund the FY 01 budget request will result in the layoff or reduction in hours of existing employees. Even with the loss of the partial child support duties, the remaining workforce would be inadequate to do the work of the courts.

Ms. Jeanne Jarrett, CPA, Director
January 13, 2000
Page Three

The finding statement contained in the audit appears to imply that we can or should have requested a reduction in staff, which gives an incomplete picture to the reader. Another significant factor is that it does not reflect an agreement made by the Governor's staff to the circuit clerks. The agreement was that if the circuit clerks would make the super-human effort necessary to achieve the federal requirements to avoid the massive federal financial penalties that would occur if the requirements were not met, the Governor would support the clerks' request to retain existing employees up to the number which could be justified under the weighted workload system after adjustments to remove the child support weights. For the state to renege on this agreement after the clerks were successful in preventing the state from massive financial penalties would be grossly unjust.

It is easy to view a situation after the fact and come to various conclusions about how a battle should have been fought or how a game should have been played. The result is that by the Governor's intervention and an extraordinary effort by all of the circuit clerks, a disaster was avoided. The honoring of the mutual commitments made during that time are necessary and less expensive than the nuclear penalties that would have been imposed if the effort was not a success.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron", with a large, stylized loop at the beginning.

Ronald L. Larkin

RLL/jr

